

**Request for Proposal
Audit Services
Rutherford County, North Carolina**

Rutherford County North Carolina (the “County”) invites qualified independent auditors (the “auditor”) having sufficient governmental accounting and auditing experience in performing an audit in accordance with the specifications outlined in this Request for Proposal (RFP) to submit a proposal.

There is no expressed or implied obligation for the Rutherford County North Carolina to reimburse firms for any expenses incurred in preparing proposals in response to this request.

The specific details shown herein shall be considered minimum unless otherwise shown. The specifications, terms, and conditions included with this RFP shall govern in any resulting contract(s) unless approved otherwise in writing by the Rutherford County North Carolina. The bidder consents to personal jurisdiction and venue in a state court of competent jurisdiction in Rutherford, North Carolina.

Type of Audit

The audit will encompass a financial and compliance examination of the unit’s Comprehensive Annual Financial Report (CAFR), in accordance with the laws and/or regulations of the State of North Carolina, which include requirements for the minimum scope of the audit. The financial and compliance audit will cover federal, state, and local funding sources in accordance with generally accepted auditing standards; *Government Auditing Standards*, July 2011 revisions; the Single Audit Act of 1984; the Single Audit Act Amendments of 1996; the provisions of OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including revisions published in *Federal Register* June 27, 2003 and June 26, 2007; the State Single Audit Implementation Act; and all other applicable laws and regulations.

The audit of the County will also include the accounts of the Rutherford County Transit Authority and Rutherford County Airport Authority. ***Proposals will also include separate audits and audit fees for the following discretely presented component unit: Rutherford County Tourism Development Authority.***

The County’s past CAFR’s are available at:

<http://rutherfordcountync.gov/finance/financialstatementscafr>. The Schedule of Expenditures of Federal and State Awards begins on page 114 and the Schedule of Findings and Questioned Costs begins on page 119. Copies of the Rutherford County Tourism Development Authority’s Audits are also on the County’s website at the same site as noted above.

Period

The unit intends to continue the relationship with the auditor for no less than three years on the basis of annual negotiation after the completion of the first year contract. Each year after negotiation has taken place an annual contract documenting the terms of the audit will be signed. Since one governing board may not obligate future governing boards, the remaining years of the agreement are subject to annual governing board approval. The Rutherford County North Carolina reserves the right to request proposals at any time following the first year of this contract. Thus, prepare proposals for the following years, with Year one being the only obligated year:

July 1, 2013 to June 30, 2014

July 1, 2014 to June 30, 2015

July 1, 2015 to June 30, 2016

Requirements

The audit must be conducted in accordance with generally accepted auditing standards; *Government Auditing Standards*, July 2011 revisions issued by the Comptroller General of the United States; Office of Management and Budget Circular No.A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, including revisions published in *Federal Register* June 27, 2003 and June 26, 2007; the State Single Audit Implementation Act of 1996, and any other applicable procedures for the audit of a government's financial statements prepared in accordance with GAAP.

The Auditor will prepare most year-end adjusting journal entries. The auditor will be ultimately responsible for the preparation, typing, proofing, printing, and copying of the Basic Financial Statement, supplementary information and compliance reports. The Rutherford County North Carolina Finance Officer will be actively involved in the MD&A, and other schedules section preparation. The auditor will submit a draft of the Financial Statement to be reviewed in detail by the Finance Officer. This draft should be submitted to the Rutherford County North Carolina in time to allow ample review and corrections. **The timing of this should insure final completion of the Financial Statements no later than the annual October 31st deadline.**

The Rutherford County North Carolina prefers interim fieldwork be completed in late June. Year-end fieldwork should begin in late August and be completed by September 30th. **An agreed upon post-closing trial balance must exist by September 30th.** The Finance Officer will expect a listing of requested information needed for the audit at the preplanning conference, periodic conferences during the conduct of the audit, as well as an exit conference prior to the completion of fieldwork.

The audit must be completed and reports rendered four months following the fiscal year end (October 31).

A preliminary draft of the audit and required journal entries must be submitted to the Finance Director by October 10th for proofing and reconciliation to the unit's records.

Thirty-five copies of each audit report, management letter, and other applicable reports must be supplied to the Finance Director (or audit committee if applicable) within the time frame cited above. In addition, the auditor is responsible for submitting the required two (three copies if unit is a Council of Government) to the staff of the Local Government Commission (LGC). Any other copies required will be charged on an as needed basis in addition to the quoted fee.

The financial audit opinion will cover the financial statements for the governmental activities, the business-type activities, the financial statements of the aggregate discretely presented component units, each major fund, and the remaining fund information, which collectively constitutes the basic financial statements. The combining and individual financial statements, schedules, and related information are not necessary for fair presentation, but will be presented as additional analytical data. This supplemental information, as required by GASB 34, will be subjected to the tests and other auditing procedures applied in the audit of the basic financial statements, and an opinion will be given as to whether the supplemental information is fairly stated in all material respects in relation to the basis financial statements taken as a whole. The auditor shall also express an opinion on the budgetary comparison information for the general fund, the major funds, and any annually budgeted special revenue funds. An opinion will not be given on the Management Discussion and Analysis.

The working papers shall be retained and made available upon request for no less than three years from the date of the audit report.

In the event that circumstances arise during the audit that require work to be performed in excess of the original estimates, any additional costs will be negotiated prior to commencement of the work and an amended contract will be approved by the governing board and forwarded to the staff of the LGC for approval.

Audit Contract & Payment of Audit Fees

The audit contract must be approved by the staff of the Local Government Commission. Invoices are subject to approval by the LGC staff and the appropriate Grantor Agency, if applicable, prior to processing by the (type of unit). If grant funds will be used to pay for the audit, the grant agreement may require the Grantor Agency's approval before the invoice may be paid. Interim or progress billings will be accepted up to 75% of the total fee prior to submission of the audited financial statements to the staff of the Local Government Commission and their approval of the audited financial statements.

Other Services

The auditor will prepare, type, and print the Comprehensive Annual Financial Report. The auditor will submit a draft for review by the Finance Director. The Finance Director will return the draft with proposed revisions within a reasonable period of time.

The Finance Department staff may require the auditor's guidance or input on the completion of certain schedules/documents as to proper format and content so that they may be used in the audit process as well as for inclusion in the County's financial statements. Guidance may be required for new note disclosure, all outstanding and effective GASB implementations, and other reporting requirements at June 30 year-end. Cost for providing these services should be included in your base cost estimate and will not be considered extra for additional billings.

As a part of the base fee the auditor will also:

1. Complete and submit the US Department of Commerce, Census Bureau SF-SAC (Data Collection Form) and the accompanying audit report/CAFR.
2. Assist in management's efforts to obtain the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting;
3. Attend one Board of Commissioners meeting for presentation of the audit results and the CAFR.
4. Be available via conference call for other audit committee meetings as requested.

Description of Selection Process

Five copies of each section of the proposal should be submitted at the time and place indicated under the section entitled "Time Schedule for Awarding Contract."

Proposals will be submitted in two sections. The first section will be comprised of the audit firm's prior experience and qualifications of its personnel in performing governmental audits. The Finance Office staff will evaluate the auditor/firm on educational and technical qualifications. The firm best meeting the Rutherford County North Carolina expectations for experience, audit approach, and cost requirements will be selected.

PLEASE KEEP IN MIND THAT COST, WHILE AN IMPORTANT FACTOR, WILL NOT BE A SOLE DETERMINING FACTOR. UNUSUALLY LOW BIDS THAT ARE OBVIOUSLY OUT OF LINE WITH OTHER BIDDERS OR ARE SIGNIFICANTLY LOWER THAN OUR CURRENT FEES WILL RAISE CONCERN. THE LOWEST BID WILL NOT AUTOMATICALLY BE AWARDED PREFERENTIAL CONSIDERATION.

The Rutherford County North Carolina requests that no Rutherford County North Carolina officials be contacted during this process. The Finance Officer may be contacted only to clarify questions concerning the RFP.

The County reserves the right to reject any or all bids, waive technicalities, and to be the sole judge of suitability of the services for its intended use and further specifically reserve the right to make the award in the best interest of the County.

Failure to respond to any requirements outlined in the RFP, or failure to enclose copies of the required documents, may disqualify the bid.

First Section

The first section should address the requested information below. The corresponding responses should begin with the number below for the requested information.

1. Indicate the number of people (by level) located within the local office that will handle the audit.
2. Provide a list of the local office's current and prior government audit clients, indicating the type(s) of services performed and the number of years served for each. Responsive firms should include any relevant information regarding audits performed on financial statements prepared under the new reporting model.
3. Indicate the experience of the local office in providing additional services to government clients by listing the name of each government, the type(s) of service performed, and the year(s) of engagement.
4. Describe your audit organization's participation in AICPA-sponsored or comparable quality control programs (peer review). Provide a copy of the firm's current peer review.
5. Describe the professional experience in governmental audits of each senior and higher level person assigned to the audit, the years on each job, and his/her position while on each audit. Indicate the percentages of time each senior and higher-level personnel will be on site. Again, relevant experience with the new reporting model should be clearly communicated.
6. Describe the relevant educational background of each person assigned to the audit, senior level and higher. This should include seminars and courses attended within the past three years, especially those courses in governmental accounting and auditing.
7. Describe the professional experience of assigned individuals in auditing relevant government organizations, programs, activities, or functions (e.g., utilities, solid waste, transit, airports, or health authorities and school systems).
8. Describe any specialized skills, training, or background in public finance of assigned individuals. This may include participation in State or national professional organizations, speaker or instructor roles in conferences or seminars, or authorship of articles and books.
9. Provide names, addresses, and telephone numbers of personnel of current and prior governmental audit clients who may be contracted for a reference.
10. Describe the firm's Statement of Policy and Procedures regarding Independence under Government Auditing Standards (Yellow Book), July 2011 Revision. Provide a copy of the firm's Statement of Policy and Procedures.
11. Is the firm adequately insured to cover claims? Describe liability insurance coverage arrangements.

12. Describe any regulatory action taken by any oversight body against the proposing audit organization or local office.

Second Section

Proposals should include completed cost estimate sheets and any other necessary cost information in a *separate, sealed* envelope marked – “Cost Estimate.” The County plans to evaluate the qualifications of all firms submitting proposals before considering the Cost Estimate.

This second section should consist of completed cost estimate sheets, which will include the following information:

1. Type of audit program used (tailor-made, standard government, or standard commercial).
2. Use of statistical sampling.
3. Use of computer audit specialists.
4. Organization of the audit team and the approximate percentage of time spent on the audit by each member.
5. Information that will be contained in the management letter.
6. Assistance expected from the government’s staff, if other than outlined in the RFP.
7. Tentative schedule for completing the audit within the specified deadlines of the RFP.
8. Use of internal audit staff (if applicable).
9. Specify costs using the format below for the audit year July 1, 2013 to June 30, 2014. For the two audit years, which follow, list the estimated costs. The cost for the audit year ending June 30, 2014 is binding, while the second and third years are estimated costs. Cost estimates must indicate the basis for the charges and whether the amount is a “not-to-exceed” amount.
 - A. Personnel costs – Itemize the following for each category of personnel (partner, manager, senior, staff accountants, clerical, etc.) with the different rates per hour.
 - 1) Estimated hours – categorize estimated hours into the following: on-site interim work, year-end on-site work, and work performed in the auditor’s office.
 - 2) Rate per hour.
 - 3) Total cost for each category of personnel and for all personnel costs in total.

- B. Travel – itemize transportation and other travel costs separately.
- C. Cost of supplies and materials – itemize.
- D. Other costs – completely identify and itemize.
- E. If applicable, note your method of determining increases in audit costs on a year to year basis

10. Please list any other information the firm may wish to provide.

11. Please include the Summary of Audit Costs Sheet with your proposal.

Time Schedule for Awarding the Contract

Request for proposal packages will be mailed by ***April 14, 2014***.

Please acknowledge the receipt of this request for proposal and your intent to respond with a proposal by ***April 21, 2014***.

Proposals signed by authorized officials will be received by **Paula Roach, Finance Director** at 289 North Main Street, Rutherfordton, NC 28139 until ***April 29th*** at 11:00 a.m. Envelopes containing proposals should be clearly identified on the front with the words “RESPONSE TO RFP FOR AUDIT SERVICES”. The Finance Office will review the proposals and make a recommendation to the Board of Commissioners on ***May 5, 2014*** at which time the contract will be awarded.

Any questions should be directed to ***Paula Roach, Finance Director***, at 828-287-6348. Appointments may be scheduled to discuss further any specific matters necessary in preparing your proposal. Please call or email Paula Roach at paula.roach@rutherfordcountync.gov to schedule an appointment.

Description of the Governmental Entity and Its Accounting System

Entity

Rutherford County North Carolina is a County in North Carolina with a population of approximately 69,000. The County operates a Solid Waste Fund.

Based on the criteria set forth in GASB Statement 14, the following organizations will be included in the audit:

- Rutherford County Airport Authority
- Rutherford County Transit Administration
- Rutherford County Tourism and Development Authority (discretely presented)

Funds

Rutherford County North Carolina maintains the following funds:

Governmental Funds

General Fund, including Debt Service Fund

Special Revenue Funds:

Emergency Telephone System Fund

Register of Deeds Automation Enhancement Fund

Grant Fund

CDBG Fund

Fire Districts Fund

Capital Projects Funds:

Grey Rock Fund

Queens Gap Fund

Capital Projects – Other Fund

ICC Capital Projects Fund

Proprietary Funds

Enterprise Funds:

Solid Waste Fund

Solid Waste Reserve Fund

Internal Service Fund:

Voice over Internet Protocol (VoIP) Fund

Fiduciary Funds:

Agency Funds:

Social Services Trust Accounts

Agricultural Department Advisory Council Fund

Other Taxing Units Fund

Detention Commissary Fund

Budgeted General Fund revenues, excluding project amounts, are estimated at \$50 million in FY 2013-2014. In addition, outstanding debt totaled \$49,616,851 as of June 30, 2013. The County continues to maintain an A+ bond rating from Standard & Poor's Corporation and Aa3 from Moody's Investors Service.

Grants, Entitlements, and Shared Revenues

County's past CAFR's are available at:

<http://rutherfordcountync.gov/finance/financialstatementscafr>. The Schedule of Expenditures of Federal and State Awards begins on page 114 and the Schedule of Findings and Questioned Costs begins on page 119.

Budgets

The unit budgets all funds on the modified accrual basis of accounting as required by North Carolina law. Appropriations are made at the departmental level. The unit also maintains an encumbrance system. Both the budgetary and encumbrance systems are integrated with the accounting system to provide easy comparison with actual expenditures.

Accounting Records

Rutherford County North Carolina maintains all its accounting records at the finance office located at 289 North Main Street, Rutherfordton, NC 28139. The governmental unit maintains its cash receipts journal, cash disbursements journal, general ledger, and accounts receivable ledger on Windows based system. The software is Keystone Financials.

Assistance Available to Auditor

The unit will make available to the auditor sufficient help to pull and re-file records, and prepare and mail all necessary confirmations. A trial balance with budgeted amounts will be made available via Excel (or hard copy, e-mail, etc.) on Friday September 5, 2014. The following accounting procedures will be completed and documents prepared by the unit's staff no later than Friday September 19, 2014 (*The unit is aware of and understands the need to provide this assistance to the auditor and will make every attempt to meet these deadlines.*):

The books of account will be fully balanced.

All subsidiary ledgers will be reconciled to control accounts.

All bank account reconciliations for each month will be completed.

The unit's personnel will prepare the following items:

General

1. Working Balance Sheet for each fund.
2. Working Statement of Revenues, Expenditures, and Transfers for each fund.
3. General Ledger transaction detail report for each account.
4. A copy of the original budget, all amendments, and the final budget as of June 30, 2014.
5. A copy of all project ordinances and all amendments for active projects during the audit period.
6. A copy of the operating and capital lease schedules itemizing contracts in force during the audit period as well as access to the lease files maintained in the Finance Office.

7. A copy of board policies, including travel and investment policies.
8. Copies of all correspondence with the staff of the Local Government Commission, including semiannual Cash and Investment Reports (LGC-203), unit letters, faxes regarding the audited financial statements and compliance reports for the previous year.
9. Management's Discussion and Analysis
10. Required supplementary information, e.g. actuarial information of the Law Enforcement Officers' Separation Allowance

Cash and Investments

1. All bank reconciliations for each month
2. List of outstanding checks by account, showing check number, date, and amount.
3. Schedule of all investments for all funds at the audit date, showing book value and estimated market value at fiscal year end.

Receivables

1. Listing of unpaid tax bills in detail totaled by year as of fiscal year end.
2. Listing of outstanding Solid Waste Fund receivables by account as of the fiscal year end.
3. Listing of outstanding Emergency Services receivables in detail as of the fiscal year end.
4. Schedule of miscellaneous receivables booked as of the fiscal year end.

Other Assets

1. Schedule of insurance coverage.

Capital Assets

1. Printout of all capital asset acquisitions made during the audit year.
2. Printout of all capital asset dispositions made during the audit year.
3. Access to printout containing calculations used in balancing the Capital Assets subsystem to the government-wide statements.
4. Printout of depreciation expense posted for the audit year.

5. If infrastructure is being recorded on the government-wide statements for the first time, access to the records used to determine the appropriate value for the County's infrastructure assets.

Current Liabilities

1. Schedule of accounts payable including batch printouts.

Long-Term Debt

1. Computation of vested vacation payable as of the audit date.
2. Debt Schedule for each debt issue and related payments.

Grants

The following will be compiled for each grant:

1. Grant agreement.
2. Budget.
3. All financial reports.
4. Correspondence with the grantor agency, including monitoring reports.
5. CFDA # and/or pass-through grant #.

With Assistance from the Finance Office, the Auditors will provide the following items for Conversion:

1. Entries to convert from fund to government-wide statements
2. Working Statement of Net Position
3. Working Statement of Activities
4. Allocation of depreciation among functional areas
5. Computation of additions and retirements of compensated absences
6. Reconciliation of fund and government-wide statements
7. Worksheet for determination of major funds
8. Worksheet of combining statements for non-major funds

Size and Complexity of Unit

Personnel/Payroll		
Number of employees		615
Frequency of payroll		every 4 weeks
Number of payroll direct deposit advises		615 (mandatory)
Property Tax		
Number of tax bills issued (without motor vehicles)		59,950
Number of motor vehicle tax bills issued		57,635
Total dollar amount of most recent year's collections		\$32,040,518
Total dollar amount of levy		\$33,667,789
Solid Waste Fund Billing		
Number of statements each month		65
Average number of delinquent accounts at month end		12
Purchasing		
Number of purchase orders issued		~ 900
Bank Accounts		
Checking accounts		5
NCCMT accounts		12
Money market accounts		5
Certificates of deposits		2
Central depository monthly activity		
Number of deposits		~225
ACH in		~70
Withdrawals and checks		~750
ACH out		~10

The following financial applications are on the Keystone Financial System:

- General Ledger
- Accounts Payable
- Grants/Project Accounting
- Payroll
- Capital Assets

The following financial application is on a separate computer system

- Accounts Receivable (EMS billing handled by outside billing agency EMS-MC)
- Accounts Receivable for Solid Waste - WasteWorks
- Taxes Receivable (Keystone/Good Pickins)

Special Conditions

- The County collects taxes for others – municipalities and special districts.
- The County is responsible for collecting and distributing local Occupancy Tax.

The County has obtained the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting for twenty-four consecutive years.

Contact information:

Paula Roach
Finance Director
Rutherford County North Carolina
289 North Main Street
Rutherfordton, NC 28139
Phone (828) 287-6348
Fax (828) 287-6210
paula.roach@rutherfordcountync.gov

SUMMARY OF AUDIT COSTS SHEET

1. Base Audit
Includes Personnel costs, travel, and on-site work \$ _____

2. Financial Statement Preparation \$ _____

3. Extra Audit Service
\$ _____ per hour \$ _____

4. Other (explain)
_____ \$ _____

5. Other (explain)
_____ \$ _____

TOTAL \$ _____

Rutherford County Tourism Development Authority

Additional Charges for Tourism Development
Audit and Financial Statement Preparation \$ _____